

District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

OIL CONSERVATION DIVISION
1220 South St. Francis Dr.
Santa Fe, NM 87505

WELL API NO. 30 025 22932
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE
6. State Oil & Gas Lease No. L 522
7. Lease Name or Unit Agreement Name State 27
8. Well Number 2 SWD
9. OGRID Number 213190
10. Pool name or Wildcat SWD; Penn

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well ☒ Gas Well ☐ Other (SWD)

2. Name of Operator
CrownQuest Operating, LLC

HOBBS OCD

3. Address of Operator
Box 53310, Midland, TX 79710

DEC 12 2013

4. Well Location

Unit Letter P : 660 feet from the South line and 660 feet from the East line

Section 27 Township 14S 32E NMPM Lea County

RECEIVED

11. Elevation (Show whether DR, RKB, RT, GR, etc.):
4302' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:

PERFORM REMEDIAL WORK ☐ PLUG AND ABANDON ☐
TEMPORARILY ABANDON ☐ CHANGE PLANS ☐
PULL OR ALTER CASING ☐ MULTIPLE COMPL ☐
DOWNHOLE COMMINGLE ☐

SUBSEQUENT REPORT OF:

REMEDIAL WORK ☒ ALTERING CASING ☐
COMMENCE DRILLING OPNS. ☐ P AND A
CASING/CEMENT JOB

OTHER:

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Sundry submitted 10/04/12 attached.

Daily Reports for work performed 9/20/12-10/30/12 attached.

Casing Integrity Test performed 11/18/2013:

Chart attached - Start pressure 455#, final pressure 455# - 30 minute test period. Witnessed by Maxey Brown with OCD.

Spud Date:

Rig Release Date:

I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Ann Ritchie TITLE Regulatory DATE 12/03/13

Type or print name Ann Ritchie E-mail address: ann.wtor@gmail.com PHONE: 432 6846381

For State Use Only

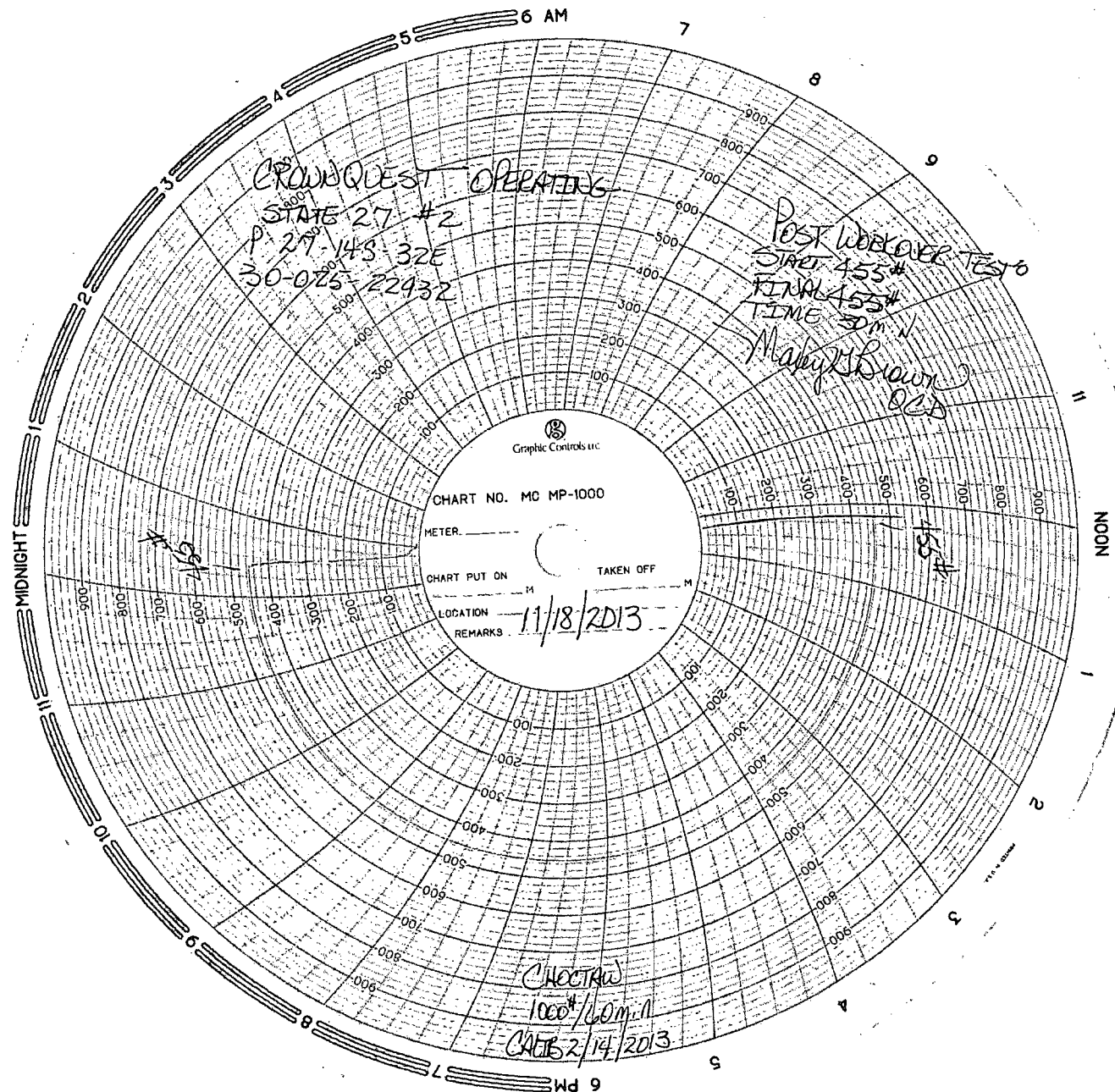
APPROVED BY: Maxey Brown TITLE Compliance Officer DATE 12/12/2013

Conditions of Approval (if any)

DEC 16 2013

arg. / R

11-18-13



CrownQuest
DAILY OPERATIONS REPORT

State 27 # 2

Printed Oct 31, 2012 Page 1 of 4

State 27 # 2

Lea Co., NM

Property#: 200996-02

Zone: 1 Field: Tulk

Sep 20, 2012 Thursday (Day 1)

MI RU PU from yard, Lea County Packers released 5 1/2" Lock set packer, TOH w/ 109 jts 2 7/8" IPC tubing and 200 jts 2 3/8" IPC tubing, total 9729', packer was rebuilt and found to be in good condition and tubing look good, CWIFN

Daily Cost:

Cum. Cost:

Sep 21, 2012 Friday (Day 2)

RU tubing testers, tubing was dual lined J-55 IPC, did not have tools to test dual lined tubing, decided not to repair well due to cost and low amount of water injected, lay down packer, release tubing testers, RIH w/ tubing and laid down 109 jts dual lined 2 7/8" IPC and 100 jts dual lined 2 3/8" tubing, CWIFN.

Daily Cost:

Cum. Cost:

Sep 22, 2012 Saturday (Day 3)

POOH w/ 80 jts 2 3/8" DL IPC tubing, left 20 JIW for kill string, roustabouts hauled 289 joints tubing and racks to CQ yard, RD MO PU to Waddell #2301. Final Report.

Daily Cost:

Cum. Cost:

Sep 27, 2012 Thursday (Day 4)

MI RU PU from Waddell 2301, Double R Pipe delivered 2 7/8 work string, tallied tubing, RIH w/ 5 1/2 rental compression packer from Lea County Packers and 65 jts 2 7/8" tubing, CWIFN.

Daily Cost:

Cum. Cost:

Sep 28, 2012 Friday (Day 5)

RIH w/ 235 joints, 300 JIW at 9706', set packer, loaded casing w/ 22 bbls, pressured up to 500 psi, casing pressure bled off from 500 psi to 100 psi in 7 minutes, POOH w/ 3 jts, packer at 9608', set packer, loaded tubing w/ 20 bbls, pressured up to 500 psi, pressure bled off from 500 psi to 100 psi in 6 minutes, released packer and shut down at 3:00 pm due to heavy rain.

Daily Cost:

Cum. Cost:

Oct 1, 2012 Monday (Day 6)

Packer released sitting at 9608 w/ 297 JIW, POOH w/ 31 jts, 266 JIW and set packer at 8607', loaded casing w/ 18 bbls pressured to 500 psi, pressure fell from 500 psi to 100 psi in 6 min, released packer, POOH w/ 20 jts, 246 JIW, set packer at 7962', pressure test failed, POOH w/ 30 jts, 216 JIW, set packer at 6988', pressure test failed, POOH w/ 30 jts, 186 JIW, set packer at 6028, loaded casing w/ 18 bbls, pressured to 500 psi, pressure held for 15 min, RIH w/ 10 jts, 196 JIW, set packer at 6350', pressure test failed, POOH w/ 6 jts, 190 JIW, set packer at 6156', pressure test failed, POOH w/ 2 jts, 188 JIW, set packer at 6092', casing pressure tested good to 500 psi for 15 min, RIH w/ 1 jt, 189 JIW, set packer at 6124', pressure test failed, casing leak between 6092' and 6124', released packer and CWIFN

Daily Cost:

Cum. Cost:

Oct 2, 2012 Tuesday (Day 7)

POOH w/ 189 jts tubing and packer, W/O orders from NM OCD.

Daily Cost:

Cum. Cost:

Oct 3, 2012 Wednesday (Day 8)

Waiting on orders from NM OCD, rig and crew on standby.

Daily Cost:

Cum. Cost:

CrownQuest
DAILY OPERATIONS REPORT

State 27 # 2

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State 27 # 2

Lea Co., NM

Property#: 200996-02

Zone: 1 Field: Tulk

Oct 4, 2012 Thursday (Day 9)

RIH w/ 292 jts tubing, POOH and laid down 292 jts 2 7/8" work string, RD MO to State 26-5.

Daily Cost:

Cum. Cost:

Oct 11, 2012 Thursday (Day 10)

MI RU PU, tallied tubing, RIH w/ 5 1/2" RBP and 5 1/2" packer, set RBP at 9706', POOH with 1 joint and set packer at 9674', RBP did not pressure test, release RBP and set at 9690', set packer at 9674', pressure tested to 500# for 15 min, pressure held, POOH and set packer at 6219', pressure tested to 500# for 15 min, pressure held, POOH and set packer at 6051', pressure tested casing to 500 psi, pressure held, RU pump truck and pumped down tubing into casing leak at 1/4 bbl min, pressure was 700 psi, opened 8 5/8" intermediate valve, no pressure or flow from intermediate, RD pump truck and CWIFN.

Daily Cost:

Cum. Cost:

Oct 12, 2012 Friday (Day 11)

RU pump truck, packer set at 6051', loaded and pressure casing to 500 psi, pumped down tubing into casing leak 1/2 bbl min at 2000 psi, total of 10 bbls, no flow out of intermediate, released packer and RIH to 6124', spotted 350 gal. 20% double inhibited HCL, POOH w/ 4 jts, reversed 12 bbls water, set packer at 5989', pressured casing to 500 psi, pumped 1/2 bbl min down tubing at 2140 psi, max rate 0.8 bpm, avg rate .6 bpm, total of 16 bbls, no flow out of intermediate, shut pump down, ISIP 1800 psi, bled down to 0 psi in 3 min, RD and release pump truck, CWIFN.

Daily Cost:

Cum. Cost:

Oct 15, 2012 Monday (Day 12)

Release packer 5989' and RIH to 6100' set packer, pressure tested casing to 500 psi, held, pumped down tubing, leaked, RIH to 6114' pumped down casing, leaked, tubing pressure tested to 500 psi, released packer and RIH to 9690' release RBP, POOH w/ packer and RBP, RIH w/ 5 1/2" CIBP, tried to set at 6264', would not set, POOH to 6225' set CIBP, POOH w/ 16 stands, CWIFN.

Daily Cost:

Cum. Cost:

Oct 16, 2012 Tuesday (Day 13)

POOH w/ tubing, RIH w/ packer to 6215', set packer and pressure tested CIBP to 500 psi for 15 min, good test, POOH and set packer at 5957', pressure tested casing to 500 psi and held, pumped 15 bbls water down tubing into casing leak 0.5 BPM at 1800 psi, broke circulation up 8 5/8" casing, flowed back heavy black water into steel pit, pumped 40 bbls fresh water, returns were clean. CWIFN. Ordered wire line to perforate casing 10-17-12.

Daily Cost: \$18,034

Cum. Cost: \$18,034

Oct 17, 2012 Wednesday (Day 14)

RU Black Warrior wire line, RIH w/ 1' x 1 9/16" casing punch gun to packer and correlated to packer depth w/ CCL (CCL and tally within 2'), RIH to 6104' CCL kicked, moved over spot three times, CCL kicked on same spot indicating hole, hole located in middle of joint, set perf gun at 6104.5' and perforated casing w/ 4 shots, POOH and RD wire line, RU pump truck, pump down tubing (packer set 5957.67'), broke circulation with 8 bbls, established rate of 3 BPM at 800 psi, circulated 83 bbls fresh water, release and POOH w/ packer, RIH w/ CIBP and 184 jts tubing and set CIBP at 5957.67', pressure tested tubing to 2000 psi, good test, sting out and circulated tubing clean w/ 40 bbls, sting in and establish rate of 2.25 BPM at 550 psi, RD and release pump truck, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

CrownQuest
DAILY OPERATIONS REPORT

State 27 # 2

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State 27 # 2

Lea Co., NM

Property#: 200996-02

Zone: 1 Field: Tulk

Oct 18, 2012 Thursday (Day 15)

RU Rising Start cementers, held safety meeting, pressure tested lines and manifold, put 500 psi on 5 1/2" casing, lost pressure due to leak in manifold, pumped fresh water spacer and broke circulation with 15 bbls at rate of 3 BPM at 700 psi, pumped 20 bbls treated water, started lead cement 200 sax Class C 50/50/10 11.8#, 3 BPM @ 700 psi, pressure dropped at the end of lead cement to 4 BPM @ 200 psi, started tail 100 sax Class C neat 14.8#, 3.5 BPM @ 200 psi, shut down to wash and flush lines to pit, started 34 bbl displacement at 2 BPM @ 50 psi, after 32 bbls displacement (1 BPM @ 300 psi) shut intermediate valve, displaced 1 bbl (1 BPM @ 600 psi), shut down and sting out of CICR, pulled 1 stand tubing, leaving 1 bbl cement on retainer, reversed out 45 bbls water and 1 bbl cement, RD and release cementers, POOH w/ 184 jts tubing and stinger, shut BOP and CWIFN.

Rising Star Services: \$14,199.92

Lea County Packers: \$2000

Choctaw #9: \$1834.00

Daily Cost:

Cum. Cost: \$18,034

Oct 19, 2012 Friday (Day 16)

RIH w/ 4 3/4" mill tooth bit, bit sub, 6 -3.5" drill collars, 177 jts tubing, tagged cement at 5913', top of retainer at 5955', 42' cement on retainer, POOH w/ 2 stands, RU stripping head and reverse unit, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

Oct 22, 2012 Monday (Day 17)

RIH w/ 2 stands, 177 JIW, tagged at 5913', drilled out 42' cement to CICR at 5955', hydraulic filters plugged up on swivel, replaced and drilled out retainer in 3 hours and 17' cement below retainer, drilled out total of 59' cement, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

Oct 23, 2012 Tuesday (Day 18)

RIH w/ 2 stands tagged at 5972', drilled out 138' cement to 6110', fell through and circulated clean to CIBP at 6225', pressure tested casing to 500 psi for 30 min, pressure held, RIH and tagged CIBP drilled out in 3 hrs, RIH and tagged at 9807', 143' fill above PBDT, 85' fill above perfs, POOH w/ 14 jts, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

Oct 24, 2012 Wednesday (Day 19)

RIH w/ 14 jts, drilled and circulated heavy scale out of well 9807' to 9924', 26' from CIBP, circulate clean, rig broke down for 4 hours due to mechanical problems, POOH w/ 20 jts started laying work string down, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

Oct 25, 2012 Thursday (Day 20)

POOH and laid down 314 jts work string tubing, moved off racks, racked and tallied Salta IPC, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

Oct 26, 2012 Friday (Day 21)

Pick up 5 1/2" lock set packer, RU Monk Tubing testers, RIH with 2 jts, could not get cups to seal on hydro tester, RD and release testers, TIH w/ 127 jts 2 3/8" Salta lined tubing and 26 jts new 2 3/8" IPC off the rack, laid down 71 jts 2 3/8" and 24 jts 2 7/8" Salta tubing with bad liner at the pins and couplings, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

CrownQuest
DAILY OPERATIONS REPORT

State 27 # 2

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State 27 # 2

Lea Co., NM

Property#: 200996-02

Zone: 1 Field: Tulk

Oct 29, 2012 Monday (Day 22)

Double R Pipe delivered new IPC tubing, TIH w/ 46 jts 2 3/8" IPC, Salta xover 82 jts 2 7/8" Salta lined tubing, and 26 jts 2 7/8" new IPC, set packer at 9699', loaded casing w/ 13 bbl fresh water, pressure tested to 500 psi, tested good, release on/off tool, CWIFN.

Daily Cost:

Cum. Cost: \$18,034

Oct 30, 2012 Tuesday (Day 23)

RU pump truck to tubing, treated water w/ packer fluid, pumped and circulated 230 bbls water to steel pit, latched on/off tool onto packer, ND BOP, NU WH, set up chart recorder, pressure tested casing to 530 psi, held for 35 min, good test, replaced 2 7/8" injection valve, pumped into tubing 1.5 BPM @ 100 psi, 16 bbls in, 1.5 BPM @ 1200 psi, 42 bbls in, RD and release pump truck, RD MO PU to Fed. 6 -2J. Final Report.

Daily Cost:

Cum. Cost: \$18,034

Submit Copy to Appropriate District Office
District I - (575) 393-6161
1625 N. French Dr., Hobbs, NM 88240
District II - (575) 748-1283
811 S. First St., Artesia, NM 88210
District III - (505) 334-6178
1000 Rio Brazos Rd., Aztec, NM 87410
District IV - (505) 476-3460
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico
Energy, Minerals and Natural Resources

Form C-103
Revised August 1, 2011

RECEIVED

OCT 09 2012

HOBBSUCD

WELL API NO. 30 025 22932
5. Indicate Type of Lease STATE x FEE
6. State Oil & Gas Lease No. L 522
7. Lease Name or Unit Agreement Name State 27
8. Well Number 2-SWD
9. OGRID Number 213190
10. Pool name or Wildcat SWD; Penn

SUNDRY NOTICES AND REPORTS ON WELLS
(DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)

1. Type of Well: Oil Well Gas Well <input type="checkbox"/> Other X - disposal
2. Name of Operator CrownQuest Operating, LLC
3. Address of Operator Box 53310, Midland, TX 79710
4. Well Location Unit Letter P : 660 feet from the South line and 660 feet from the East line Section 27 Township 14S Range 32E NMPM Lea County
11. Elevation (Show whether DR, RKB, RT, GR, etc.): 4302' GR

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO: PERFORM REMEDIAL WORK X PLUG AND ABANDON <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> CHANGE PLANS <input type="checkbox"/> PULL OR ALTER CASING <input type="checkbox"/> MULTIPLE COMPL <input type="checkbox"/> DOWNHOLE COMMINGLE <input type="checkbox"/> OTHER:	SUBSEQUENT REPORT OF: REMEDIAL WORK ALTERING CASING <input type="checkbox"/> COMMINGLED INJECTION <input type="checkbox"/> CASING/CEMENT JOB Per Underground Injection Control Program Manual 11.6 C Packer shall be set within or less than 100 feet of the uppermost injection perfs or open hole.
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13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Last mechanical integrity test 9-11-08, passed.
9/27/12: Possible casing leak, RIH w/ 1/2 rental compression packer to 9706', set & loaded casing w/22 bbls, pressured up to 500#, csg pressure did not hold. Moved up hole and tested @ 8607', 7962', 6988', 6350' and 6092' - tested good for 30 minutes. Set @ 6124' and test failed.
Intend to repair casing in well with squeeze job - anticipated @ 6094-6124' w/sufficient cement, WOC. Will contact NMOC 24 prior to cement job. CrownQuest Field Contact is Jeremy Divine @ jdivine@crownquest.com.

The Oil Conservation Division Spud Date MUST BE NOTIFIED 24 Hours Prior to the beginning of operations	Rig Release Date: Condition of Approval: notify OCD Hobbs office 24 hours prior of running MIT Test & Chart
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I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Ann Ritchie TITLE Regulatory DATE 10/04/2012

Type or print name Ann Ritchie E-mail address: ann.wtor@gmail.com PHONE: 432 6846381

For State Use Only

APPROVED BY [Signature] TITLE DIST. MGR DATE 10-9-2012

Conditions of Approval (if any):

OCT 09 2012